

State highway commission and contractors to plan these projects. It certainly requires months and in many cases it takes years. Furthermore, State legislatures must set their budgets so they can come up with the funds to match the Federal highway funds. This takes time, especially if a legislature meets once every two years. Transportation projects are not something you just turn on and turn off like a spigot. Our current course is very disruptive.

All this is critically important because States cannot obligate funds for highways unless obligation authority is provided by law. Our current 6-month extension expires May 1. After May 1, States will be unable to enter into contracts for their highway programs. That will bring hundreds of projects to a stop, with the resulting loss of jobs.

We might ask, Why doesn't Congress pass another short-term extension? First, that is an on-again-off-again way of doing business. No business would operate like that. And government shouldn't either. We are playing with people's livelihoods if we continue this "on-again-off-again," strategy by passing a series of short term extensions.

Second, there is no guarantee that Congress can easily pass another short-term extension. That's because it would probably take unanimous consent in the Senate so that we limit amendments. We know some states like the current formula and others like the new formula. As we get closer to the election, it will be increasingly difficult to get Senators to refrain from offering amendments to change the formula. I'm sure most of my colleagues can appreciate how incredibly difficult it would be to quickly pass another simple extension under those circumstances. And even if we could, it would be continuing a bad on-again-off-again policy.

We have only 49 days in session until May 1. The bill is going to take a couple or three weeks in the Senate. The House must pass its version of the bill. Then we have to go to conference. That is a lot to do in just 49 days. So it is all the more reason to start as soon as we can in the Senate.

Furthermore, we don't have a lot of business before us right now. There is nothing that is so urgent, except the highway bill. The highway bill is urgent. It is just common sense that if something is both important and urgent, we should be devoting our attention to it. Well, the ISTEA legislation is both urgent and important. We should take it up now, not later.

I know the majority leader has lots of competing considerations here. One is the budget and how to handle the expected surplus. Should we pay off the debt? Lower taxes? Increase spending for priority programs? Secure Social Security and Medicare? Invest in our transportation infrastructure? I understand the argument that some are making: Let's put the highway bill off

so we do it all together, all at once. The problem with that is very simple, it means we will probably not have a highway bill until September. And in the meantime, we will be hamstrung with formula fights and other issues on short-term extensions. As I said before, we all know the closer we get to the end of this year, to elections, the more difficult it is because then the formula fights among States become more real.

I think there are ways to work this out. Basically, we have to sit down with people on both sides of the argument here and find some way to resolve this to get the highway bill up.

I also might add that this is not just a highway bill. It is a mass transit bill. For those people in our country who live in the more populated States where mass transit is more important than it is in more rural States like Montana where I come from, they must know the transit legislation is an integral part of the ISTEA bill.

Mr. President, how much time do I have?

THE PRESIDING OFFICER. Actually, the Senator's 5 minutes have expired.

Mr. BAUCUS. Mr. President, may I have 2 more minutes?

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, it is highways that are being postponed; it is transit being postponed; it is all the safety programs that are in the highway bill that are being postponed; it is the intermodal connections. My friend Senator MOYNIHAN is the father of the ISTEA bill. All his good work will be on hold until we can reauthorize the program. Senator DORGAN has been very helpful in this matter, as has Senator BYRD, Senator GRAMM, Senator WARNER—many of us want the highway bill up now. Our basic point is let's just bring it up now while we have the time. Otherwise we are going to be caught in a situation where delay upon delay means the ISTEA bill is not reauthorized until September or October.

So I close by asking the majority leader to again look at the consequences of delaying the highway bill and to reconsider his decision, because this is a very, very serious matter and I hope we can find a way to avoid these kinds of disruptions. I am willing to work with the leadership, with Senators CHAFEE and WARNER, and other members to accomplish that objective. I yield the floor.

Mr. GRAMM addressed the Chair.

THE PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I ask unanimous consent that I might speak for 7 minutes.

THE PRESIDING OFFICER. Without objection, it is so ordered.

#### THE CLINTON BUDGET

Mr. GRAMM. Mr. President, I want to talk about the Clinton budget which was sent to Congress this morning. I want to try to outline basically what

the budget does in terms of spending and taxes. I want to talk a little bit about the tobacco settlement. I want to talk about protecting Social Security. And I want to note that it is very important for people, in understanding the President's budget, to look beyond just the cover page, because the President's budget has a number of new programs that are funded by offsetting receipts and, as is usually true when a Government document is half as high as you are, there is a lot of hidden agenda, hidden spending, hidden taxes in the President's budget. My staff and I have spent yesterday evening and this morning going over the President's plan. I am not sure we have ferreted out all the new spending and all the new taxes, but we have numbers and I think they are important.

First of all, the President proposes \$130 billion of new spending programs. That is a larger scale of new Government spending than has been contemplated by any budget since 1994 when the President proposed having the Government take over and run the health care system. If you exclude the health care proposal, where the President proposed that the Government on a massive scale take over and run the health care system, you have to go all the way back to at least the Carter administration to find a budget that proposes the massive increases in social programs that are contained in the Clinton budget. Interestingly enough, when you look at the Clinton budget it claims to spend \$1.733 trillion, but in reality, as large as that number is and as substantial as that increase is over last year, there is at least another \$42 billion that is hidden in spending that is offset by fees and by asset sales, so that in reality the budget spends \$1.775 trillion, which makes it far and away the largest budget ever submitted in the history of America.

I think it is startling to note that the President's budget contains \$115 billion worth of new taxes. Some of these taxes are called by different names, but they all represent taxpayers paying more in taxes, more in fees, more for the things they buy so that Government can spend more as their real purchasing power is less. There is some tax relief in the President's budget: \$24 billion. But when you add it all up it is a net tax increase of a whopping \$91 billion.

What I think is amazing about this tax increase, which is the largest tax increase since President Clinton proposed his tax increase in 1993, is that the tax burden on American workers is higher today than it has ever been in the history of our Republic. Not during the peak of the war effort in the Civil War, not during the peak of the war effort in World War II, did the average American citizens send 30.5 cents out of every dollar they earn to government at some level before. This year American families on average will send 30.5 cents out of every dollar they earn to government, which will spend it on

their behalf and supposedly in their interests. It is amazing to me that the President, when we are facing the highest tax burden in American history, would be talking about another \$91 billion of net taxes.

Let me talk about the tobacco settlement. The President is counting on \$65 billion of revenues coming from the tobacco settlement and, except for a tiny amount—\$800 million which is spent on Medicare—this \$65 billion goes to an array of new spending programs that have absolutely nothing to do with the tobacco settlement. I want to remind my colleagues and anyone who is interested in this issue that the whole logic of the tobacco settlement is that the tobacco companies, by selling tobacco to consumers, and through the health effects of smoking, have imposed a massive cost on the Federal taxpayer. But where has that cost occurred? It has not occurred in child care, it has not occurred in new school buildings, it has not occurred in the cost of new teachers—it has occurred in mounting costs for Medicare. Interestingly enough, while the States are big beneficiaries in their Medicaid Program from the tobacco settlement, for every \$1 of cost imposed on Medicaid by people smoking in the past, there have been perhaps \$6 of costs imposed on Medicare.

So I believe if we have a tobacco settlement, that money ought to be put to a noble cause and that cause is saving Medicare, not just for our parents but for our children. I don't think we ought to take money in the name of reimbursing the taxpayer for medical care costs that have been borne through Medicare and spend that money on other things. I believe, if there is a tobacco settlement, that the money ought to go to save Medicare and I intend, as chairman of the subcommittee with jurisdiction over Medicare, to fight to see that any tobacco settlement goes to Medicare, that it doesn't just become a grab bag to fund new Government programs that have nothing to do with the health effects of tobacco.

The President says that he wants to use the surplus to save Social Security. No. 1, I think the President's words ring hollow when you note that he is busting the spending caps that we agreed to last year in a bipartisan budget. I am sure some of my colleagues will remember that I thought the spending level was too high in last year's budget. In fact, last year in writing that budget we broke the spending caps of the budget that President Clinton had pushed through Congress in 1993. But now the President is already trying to break the agreement that we adopted last year, and I reject that.

Finally, I don't know how the President can claim to be saving Social Security when the Social Security system will pay in \$600 billion more into the Social Security trust fund than will be spent on Social Security, and the President spends \$400 billion of the

\$600 billion. I believe we need to set up a program to take that \$600 billion and invest it in Social Security by making real investments that are owned by the individual worker so that young Americans will have some chance of getting some benefits from Social Security.

So I believe the President's budget breaks the agreement that he entered into with Congress last year. The President's budget breaks the spending caps. The President's budget proposes the largest increase in spending contemplated by Government since he proposed having the Government take over and run the health care system. The President proposes the largest tax increase, \$91 billion, larger than the tax cut from last year—he proposes the largest tax increase contemplated by our Government since 1993. The President takes \$400 billion that will be paid into the Social Security trust fund and spends it on general Government under this budget. I believe that should be stopped.

Finally, if we have a tobacco settlement, the money ought to go to save Medicare, it ought not to go to fund general Government.

So, I believe the President is breaking the deal that he made with Congress. I believe your word is your bond on these matters.

I am opposed to the President's budget. I think we should hold the line on spending. I think whatever surpluses we have, A, we ought not to do anything with them until we have them, and, B, when we do have them, we should use them to make real investments so that our young workers will have some benefit from Social Security, a program that they will pay into their entire working lives. I yield the floor.

The PRESIDING OFFICER (Mr. KYL). Will the Senator from Texas suggest the absence of a quorum?

Mr. GRAMM. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXTENSION OF MORNING BUSINESS

Mr. THOMAS. Mr. President, on behalf of the leader, I ask unanimous consent that there be a period for morning business until 2 p.m., with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. I would like to speak up to 10 minutes.

The PRESIDING OFFICER. The Senator is recognized.

#### ISTEA FUNDING

Mr. THOMAS. Mr. President, we have had this afternoon several Members rise to talk about ISTEA funding. I rise to support the things that they have said. One of the most important bills that we passed in our committee last year, and I think one of the most important elements before us now in the Senate, is the funding of the Intermodal Transportation Act.

We worked a great deal last year. I happen to be on the Committee on Environment and Public Works, and we came up with an extension of the ISTEA bill, which expired last year, by the way. Now, of course, we are operating on a temporary arrangement, which makes it very difficult for State highway departments to make the contracts that are necessary. I think it is particularly important for States like Wyoming and the northern part of the country, where you have a relatively small short contracting and construction time, that we move to pass this bill so that the States will know what money is available to them.

There should have been approval last year, other than an extension. Unfortunately, we couldn't come to an agreement with the House. Furthermore, right here in the Senate, as I recall, there were some things that were brought up that kept us from considering ISTEA. But now it is time to do that.

We also have before us a proposal to extend the authority for spending, to use more of the dollars that are collected, and I agree with that. I have not yet become a sponsor of it, but I, frankly, propose to be. We have been spending in the neighborhood of \$21 billion a year on ISTEA, but Federal taxes have been raising more like \$27 billion. Now, of course, as a result of last year's budget, we converted the 4.3-cent tax, having gone to the general fund, to now go to the highway fund. I support that idea. So it is time for us to do that.

I am concerned, of course, that we do it within budget guidelines. I am not interested in breaking the budget caps by simply spending. I know when you have a unified budget, if you are going to spend more money here, you have to make arrangements on the other side, too, which restricts spending. I am for that.

I think it is necessary for us to do it. I am sorry that it has been postponed. It was my understanding that it would be the first item of business to be considered or early, at least, in this session. I know there is controversy now with the budgeteers in terms of how that works, but this is an authorization, as I understand it. It is not an expenditure, of course. It authorizes what will then be put together by the budgeteers and appropriators.

Mr. President, I certainly want to endorse the notion that there is nothing more important or nothing that needs to be dealt with more currently than the idea of expanding ISTEA. I hope